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## Lieutenant Governor Loren Leman

January 17, 2006

Mr. Paul Fuhs  
329 E 10<sup>th</sup> Ave  
Anchorage, AK 99501

Dear Mr. Fuhs:

You submitted to me an initiative application for a bill entitled, "An Act amending the certificate of need requirement to apply only to facilities providing long term nursing home beds and residential psychiatric treatment centers," for review under AS 15.45.070. I forwarded it to the Division of Elections for verification of signatures and the Department of Law for legal review.

The petition statistics report prepared by the Division of Elections and the Department of Law's opinion regarding your application are enclosed.

The Division of Elections verifies that your application has a sufficient number of sponsors to qualify for circulation of a petition. The Department of Law concludes that the initiative application complies with AS 15.45.030 and AS 15.45.040. Consequently, I certify your initiative application as being in the proper form under the provisions of AS 15.45.010 through AS 15.45.070, and Article XI of the Alaska Constitution. Your official certificate is enclosed.

As Lieutenant Governor and in accordance with AS 15.45.090 (2), it is my duty to prepare an impartial summary for the petition booklets. The following is the petition summary I propose:

### Limit Certificate of Need Requirement

This bill would amend the law that requires a person to obtain a certificate of need from the state before a health care facility can be built. It would remove certain facilities from the requirement. A certificate of need would no longer be required for new hospitals or facilities for diagnostic testing, treatment of kidney disease and day surgery. A certificate of need would still be required for long-term nursing care and residential psychiatric treatment care facilities.

Should this initiative become law?

The Division of Elections will prepare and print numbered petition booklets for circulation. As soon as the booklets are available, the Division will send them to the Division's regional office of your choice (Juneau, Anchorage, Fairbanks or Nome). At that time, you will also be provided with instructions for booklet distribution and accounting. These must be followed.

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The initiative must be filed within one year from the date notice is given that the petition booklets are ready for delivery (AS 15.45.140). However, you should also be aware of the time requirements provided in AS 15.45.190 (copy enclosed). The petition must be signed by qualified voters at least equal in number to 10 percent of those who voted in the last General Election, who are resident in at least three-fourths of the House districts of the State and who, in each of these House districts, are equal in number to at least seven percent of those who voted in the preceding General Election in the House district.

The number of signatures that you need to gather will be based on the 2004 General Election (6 AAC 25.240 (i)). You will need at least 31,451 qualified voters in at least 30 election districts to sign the petition. The vote totals for each House district from the 2004 General Election are enclosed.

This is the first initiative subject to the requirements of HB 94, which had an effective date of September 22, 2005. HB 94 (FSSLA 2) requires the Division of Elections to estimate the cost to process and review each initiative, and each affected department to estimate the minimum costs to the State associated with the initiative.

The Department of Health and Social Services estimates that this change could allow health care construction capital expenditures of up to \$373.4 million to be built without review by the Department. This could increase Medicaid costs by up to \$41.2 million annually, of which \$20.6 million would be State General Funds, for operations and depreciation expense under the current Medicaid rate-setting statutory and regulatory process. This estimate does not include potential increases in costs to the general public related to facilities raising prices because of under-utilization, or the potential for facilities in small markets to request exceptional relief if they experience financial difficulties. The Division of Elections estimates it will cost \$39,800 to review and process this initiative.

If you have questions or comments about the initiative application certification, please contact my special assistant, Lauren Yocom, at 465-4082.

Sincerely,



Loren Leman  
Lieutenant Governor

Enclosures

cc: Representative Vic Kohring, Initiative Committee Member  
Representative Bob Lynn, Initiative Committee Member  
Michael Barnhill, Assistant Attorney General, Department of Law  
Whitney Brewster, Director, Division of Elections

# CERTIFICATE

I LOREN LEMAN, LIEUTENANT GOVERNOR FOR THE STATE OF ALASKA, CERTIFY THAT the initiative application for, "An Act amending the certificate of need requirement to apply only to facilities providing long term nursing home beds and residential psychiatric treatment centers," has been reviewed and is in proper form as required under the provisions of Article XI of the Constitution of the State of Alaska and the provisions of AS 15.45.010 through AS 15.45.070.

I FURTHER CERTIFY THAT the application contained the signature and addresses of at least 100 qualified voters.



IN TESTIMONY OF THIS, I have signed this document  
and affixed the Seal of the State of Alaska, at Juneau  
Alaska,

This.....<sup>17<sup>th</sup></sup>.....day of.....<sup>January</sup>.....  
A.D. 20<sup>06</sup>.....

.....<sup>Loren D. Lemman</sup>.....  
LIEUTENANT GOVERNOR